

Audit's[®] MARKET ANALYSIS OF SECURITIES OF REITS AND REAL ESTATE COMPANIES

Realty Stock Review

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QUARTERLY REVIEW OF MERCHANT HOMEBUILDERS/DEVELOPERS & MANUFACTURED HOUSING

MARKET STRATEGY: WHILE BUILDERS HAVE REBOUNDED SMARTLY, WE SEE MORE UPSIDE

Two events in Thursday's newspapers dramatized the emotional and economic tugs housing has on the U.S. President Reagan's State of the Union address promised, among other items, that he wouldn't stand for tinkering with the deduction of mortgage interest for income taxes. And The Wall Street Journal featured a page 1 article tracing some recent home foreclosures to a slowing of inflation in house prices.

Taken together, they mean the nation's homebuilders will have to sell less sizzle (i.e., appreciation from inflation) and more steak (i.e., basic, cost-effective shelter). That means a lot of new entrants who'd grown fat by touting inflation (the pitch is strongest at second home or recreational communities) may leave the market. And while that may hurt some public builders who've diversified into these markets, overall we see this as fundamentally good for the major builders who've thrived on providing affordable housing.

That's why you shouldn't get worked up about cries that housing is on the outs in Washington. The biggie (mortgage interest deduction) will stand and

widely advertised cuts in housing subsidies will only restore economic sense.

We think it's better to focus on the fact that both Wall Street and homebuyers seem to smell lower mortgage rates ahead. That's why we find more optimism in model homes than in months; and that's why we've upgraded advices on many builder stocks with this inaugural Quarterly Review of Merchant Homebuilders/Developers and Manufactured Housing companies, as noted in our Jan. 11 issue. Inside you'll find new items:

--Brief comments and panel of stock charts on 9 major builders, page 2;

--Reviews of two interesting developers, page 3;

--Brief comments on 52 builder-developers (Groups 4 and 5) and manufactured housing builders (Group 10) on pages 4-7;

--A new and exclusive quarterly summary of new orders, deliveries and backlog for 8 major builders, on page 7.

It's clear that many builders and manufactured housing stocks have come a long way from their lows: **Pulte Home** has almost doubled from its low and others are up 50%-60% or more. That's not a reason for hanging back, in our opinion; in 1982, such gains only foreshadowed much larger gains ahead.

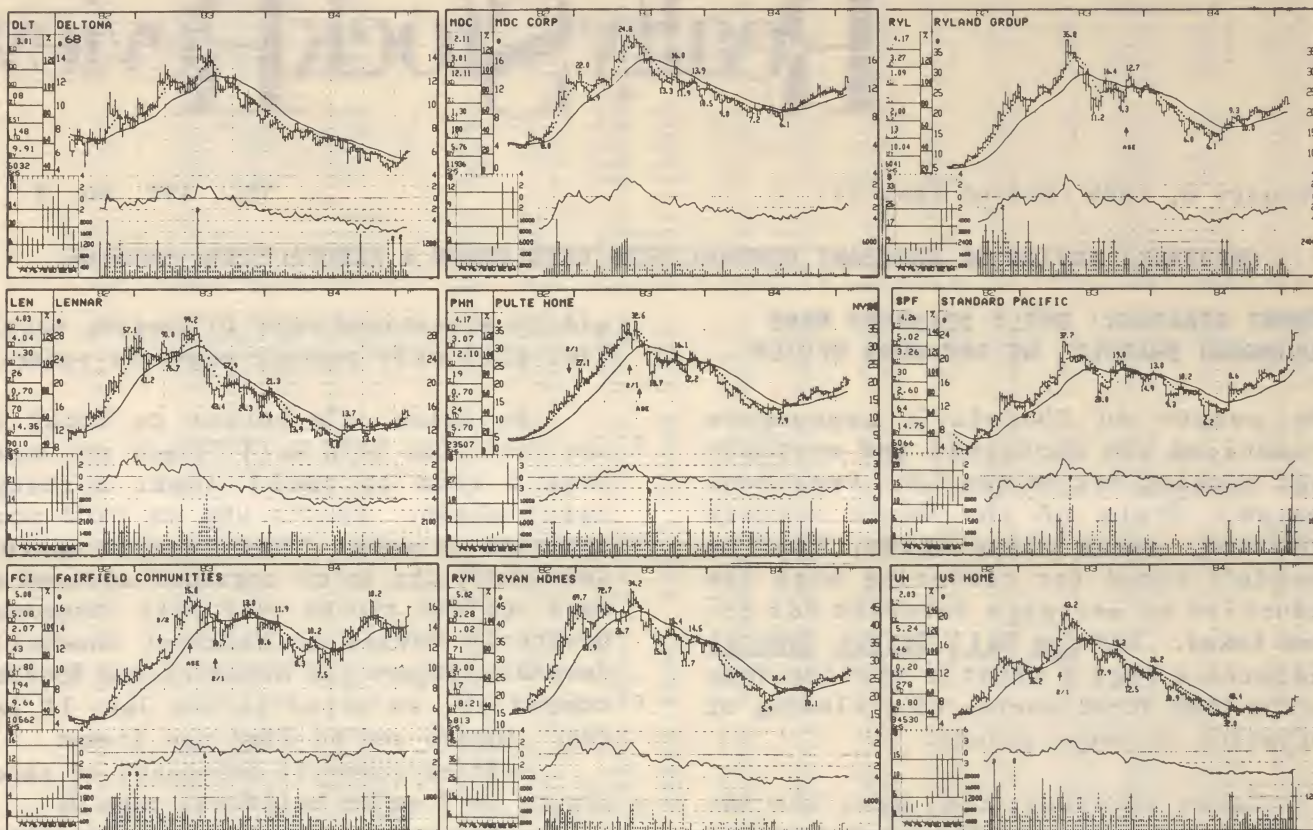
DEPARTMENTS INSIDE		COMMENTS	
Market Strategy.....	1	Lennar Corp.....	2
Ranking Reviews.....	3	MDC Corp.....	2
Quarterly Review of 52		Ryland Group.....	2
Builders/Mfg. Housing.4-7		Standard Pacific.....	2
Quarterly Unit Tally.....	7	U.S. Home.....	2
COMPANY REVIEWS			
Buy-Sell-Hold advices.....	8		
RSR Stock Rankings.....	8		
Company statistics.....	8		
Gulfstream Land & Devel....	3		
Lifetime Communities.....	3		

KENNETH D. CAMPBELL, PRESIDENT/FAYE KREISMAN, STATISTICS/AUDIT INVESTMENTS, INC., 230 PARK AVE., N.Y. 10169

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Charts courtesy R.W. Mansfield Co.



HOMEBUILDER STOCKS HAVE BOTTOMED AND WE THINK THERE'S MORE UPSIDE ROOM AHEAD

The stock charts above show the decisive and even explosive bottoms that have now formed in the leading homebuilder stocks. The bottoms began forming last summer but only in recent weeks have the relative strength lines moved up. The stock market smells even lower rates ahead and is pricing accordingly.

What's happening is that traffic to model homes jumped fairly strongly in January in many parts of the country, despite some very bad weather in the Southeast, and a goodly percentage of lookers converted to sales following Super Bowl weekend. In a swing through three big markets (Tampa-St. Pete., Orlando, and Atlanta) last week we found builder optimism rising and mortgage rates falling, a surefire combination. Better yet, many major builders have cut back overhead and so enter a better selling season with lean overhead; that could spell better margins on expected sales increases.

Not much of this optimism can be seen in the quarterly new orders and sales numbers reported by the majors. We are beginning this issue, in conjunction with our Quarterly Review, a quarterly tally of new orders, deliveries and backlog for eight major builders. The data, on page 7, don't yet reflect the field enthusiasm.

Picking stocks at this point boils down to your taste for risk/reward. **Standard Pacific** fell the least and is up the most; it is sharing in strong California markets; we've been listing it as a L-T buy. **Ryland Group** has good geographic spread from Philadelphia to Texas, and Dec. qtr. new orders were strong (p.7). **MDC Corp.** has been winning adherents by virtue of expanding markets and this week's oil/gas entry.

In a more aggressive mode, **Deltona Corp.**, **Lennar Corp.**, and **U.S. Home** all encountered EPS problems; they are all much leaner and their stocks are turning up much later than the leaders; all are speculative turnaround buys.

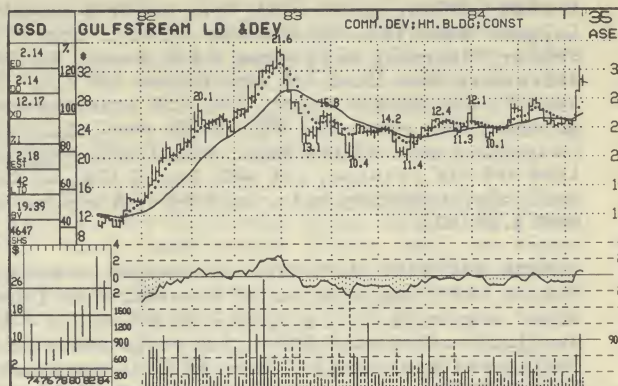
RANKING REVIEWS: GULFSTREAM LAND QUALITY LAND PLAY; LIFETIME COMM. HOLDS C RANK

While our comments on the major merchant builders on Page 2 should set the tone for current investments, two smaller builder/developers have interesting potential, as follows:

Gulfstream Land & Development holds B Rank with another EPS gain and continued liquidity. GSD earned \$2.03/sh. in its Sept. FY, up 13%, and the dividend was boosted to a 30¢ sh. annual rate. Leverage is low with \$41.5 mil. debt being only 0.4 times the \$98.3 mil. shareholders' equity at cost.

Operations: GSD is a major Florida community developer with homebuilding and general contracting subsidiaries. Unlike many other Florida community developers, GSD doesn't sell land on an installment basis to absentee owners but instead sells or develops land in four primary home communities. The most mature and profitable is Jacaranda, in Broward County just west of Ft. Lauderdale. GSD has sold all but 1,468 acres of this 5,450 acre community since the 1960s; remaining land is on GSD books at \$12,210/ac. vs. sales of 157 acres last year at about \$140,000/ac. and \$99,268 gross profit per acre. GSD has begun building its own homes at Jacaranda in addition to selling residential and commercial land to others. Discounted present value of the remaining 1,468 ac. is about \$15-\$20/sh., depending upon development pace. In addition GSD owns 1,588 ac. at Tusawilla, a community near Orlando which has been selling steadily; 2,160 ac. left in slower selling Jacaranda West near Sarasota; and 8,903 ac. at slower Argyle near Jacksonville. While absorption is slower, we think these three are worth about \$15-20/sh. over cost. In addition, GSD's homebuilding subsidiaries, mainly Bel-Aire Homes in Orlando, own another 3,156 ac. at \$8,227 average cost. Bel-Aire has just bought a big Tampa tract to enter that market. Bel-Air delivered 412 units last year and could be at 650 or more by 1986.

Outlook: With historic cost book value of \$21.05/sh. and appreciated land values of about \$30-\$40/sh. above that,



it's not hard to see why GSD stock has been strong recently after a long basing period (chart). A member of Toronto's wealthy Bronfman chairs the board. Street sources say GSD recently bought a 4.5% block of Lifetime Communities (see below), and while we haven't confirmed, we believe the report. What this means longer-term isn't clear. Values are here and GSD is now listed as a buy for both short- and long-term.

Lifetime Communities Inc. holds C Rank by continuing its recovery. A former REIT which has worked itself out of bankruptcy, LFTM has gained control of most properties and is mounting a development effort. LFTM earned 6¢ from operations in the Oct. 1984 year, down from 8¢; taxloss benefits added 5¢. Lot sales at Baypoint, one of the last waterfront tracts available in southern New Jersey, generate continuing cash, and LFTM has bought land for 346 units of sales housing in Golden, Col. and Loma Linda, Cal. A long foreclosure suit was won on 181-DU Spinnaker high-rise condos in North Miami and units readied for sale.

Finances and outlook: Debt of \$26.8 mil. is a low 0.8 times shareholders' equity. Most debt is mortgages plus \$7 mil. bank revolving credit. Liquidity seems adequate. Focus here is on a growing roster of major shareholders. Management holds about 10%, and Beverly Hills investor Leonard Ross recently announced buying 13.8% with intent of taking a "more active role" in LFTM. Wall Street sources say Gulfstream Land (see above) recently bought a 4.5% block. Shares, at about \$6.35 book value, are aggressive buys.

C-AMER CONTNL: (AMCC-OTC). Gr.4-Major Homebldr. Largest homebldr. in Phoenix (Contl. Homes) & Denver (Madema); delivered 4,052 homes '83; '84 deliveries down about 15% with Denver off 32%; \$1 bil. First Lincoln Fincl. sub. (26 branches-acquired 2/84) generated 43% of '84 net, mtg. sub. (originates most FHA/VA buyer loans) 41%. Results: 1984 EPS 92¢ diluted, off 44%; Dec. Q 42¢, up 24% incl. mtg. servicing sale. Rate uncertainty hurts. (RSR 8/26/83).

C-AMER PACIFIC: (AFPC-OTC). Gr. 5-Other Bldr/Dev. Former REIT, now apt. owner & resid. developer after acquiring Cal. projects of 47% owner John Wertin; Developing 2,200 DU San Diego condo project; sold part of Fla. comm. Also in chemicals (via PEPCON, maker of solid rocket fuel component). Selling insur. brokerage. Results: Oper. loss 12¢ in Sept. FY, v. d6¢; discontinued fincl. services lost 35¢. Aggressive spec buy (RSR 2/10/84).

C-AMER PACESETTER: (AECF-PSE). Gr.5-Other Bldr/Dev. Blds. single-family homes S. Cal. + income props. for investment (258 DU apt.-condo units + 193T SF indust.); owns electronics sub. Bought San Clemente S&L 6/84. John Klug & family own 32%. Results: Sept. 9 mo. oper. EPS loss \$1.50, v. d63¢. Shs. strong on hopes for recovery but rates may hurt. (RSR 7/15/83).

C-AMREP CORP: (AXR-NYSE). Gr.5-Other Bldr/Dev. Major community developer, sells lots & builds homes (865 DU '84, up 142%) at 91,000 acre Rio Rancho Estates near Albuquerque; & 6,000 ac. Eldorado at Santa Fe; Bldg. condos in FL & Col.. Also distributes to newstands. Split 5-for-4 10/84. Results: Oct. Q 41¢, up 17%; 6 mo. 86¢, up 19%. Shs. now aggr. L-T hold. (RSR 8/26/83 & 5/25/84).

D-CAMPANELLI IND: (CAP-ASE). Gr.4-Other Bldr/Dev. Diversified single-family & condo bldr. for Fla. retirees; also Chicago & Wilmington, N.C.; Guarding liquidity & cutting inventory. Jan.'84 FY sales 481 DU (57% Fla., 26% N.C., 16% Ill. Results: Oct. 9 mo. d13¢ v. loss.

C-CENTENNIAL GP: (CEG-ASE). Gr.5-Other Bldr/Dev. Ski resort developer holds land & devel. rights at Snowmass, Col. Debt all convts.; luxury condo sales slow & cutting inventory. Bought 12.5% of Delray Bch., Fla. S&L & entering Wash. land devel.; agrees to buy 50% of N.C. office bldgs. Shs. cheap L-T recovery play. Results: Sept. Q EPS small loss v. d6¢. (RSR 11/4/83).

B-CENTEX CORP: (CTX-NYSE). Gr.4-Major Bldr. Blds. w/ panelized singles in Texas., singles/multis in SF, Chi., Minn., D.C., N.J., Miami, Denver; + genl. constr., cement; Spun off energy unit 10/84. Home closings off 1% to 1,686 DU in Sept. Q; backlog 1,873 DU, off 17%. Results: Sept. 6 mo. EPS \$1.07, even. Shs. buy/hold. (RSR 7/13/84).

C-CHAMPION HOME: (CHB-ASE). Gr.10-Mfg. Hsg. Major mobile home maker, stays in lower priced units; Delivered 21,944 DU in Mar.2 FY, up 13%. Owns 36 retail ctrs. w/ 12% of sales. Sales 84% mfg. hsg., most profitable line; rest rec vehicles. Results: Nov. 39 wks. EPS 20¢, even. Shs. spec. buys in current rate climate (RSR 8/10/84).

B-CHEEZEM DEVLPMNT: (CHZM-OTC). Gr.5-Other Bldr/Dev. Builds Fla. high-rise luxury waterfront

condos: SeaTowers at Sand Key (496 DU), Clearwater; Lighthouse Towers (144 DU). Starting major condo site in south Miami Beach; Will buy U.S. Steel Sand Key inventory & excess land for \$27.5 mil. Results: Oct. 9 mo. EPS d10¢ diluted, v. 30¢. Audit affiliate advises co. occasionally. (RSR 7/29/83)

D-CHRISTIANA COS: (CST-NYSE). Gr.5-Other Bldr/Dev. Has slowed new constr. at main projects (Tierrasanta, San Diego; HudsonGreen, Houston); selling condos Atlanta & beginning 54 DU project, Marina del Rey, Cal.; building liquidity. Texas investor John Roberts buys 29.6% stake. Results: Dec. 6 mo. oper. EPS d27¢, v. 36¢ income. Shs. aggr. spec. on turnaround under Roberts after big runup. (RSR 4/27 & 11/2/84).

E-COVINGTON TECH: (COVT-OTC). Gr.5-Other Bldr/Dev. Blds. single-family & four-plex income bldgs. in So. & No. Calif; Developed insulated Therm'l Impac wall panels & has two jt. venture plants in Mex. & Singapore. Entered genl. contracting '83, boosting revenue. Results: Sept. 9 mo. EPS 1¢, v. loss. Shs. for speculative recovery.

D-DELTONA CORP: (DLT-NYSE). Gr.5-Other Bldr/Dev. Fla. community bldr., ending install. land sales to focus on Marco Isl.; Agrees to sell Tampa Palms, 13,000 DU primary home comm., in May for \$37.9M cash & approx. \$5/sh. gain. Trading wetlands at Marco to Fla. for OK on 14,500 lots there + Miami land. Refinanced utility subs. 12/84 to reduce debt. Results: Sept. 9 mo. EPS loss \$2.29, v. d\$1.72¢. Shs. leveraged turnaround spec. (RSR 4/8/83).

C-DEVEL CORP AMER: (DCA-ASE). Gr.5-Other Bldr/Dev. Blds. singles/condos in Fla.; Spun-off yarn & apparel units 8/84; Hsg. unit delivered 2,878 DU 1984, up 8%; backlog 1,114 DU 12/84, down 31%; Mtg. unit sells loans; Starting S&L. Results: Sept. 9 mo. oper. EPS \$1.51, up 31% before 34¢ loss on discontinued ops. Shs. play on Fla. hsg., land (RSR 5/13/83).

A-FAIRFIELD COMM: (FCI-NYSE). Gr.5-Other Bldr/Dev. Develops Sunbelt 2nd home comm. + primary homes in Tucson, Phoenix. Timesharing, about 30% of oper. income, cld. be hurt by tax changes & off 9% in Nov. Q; Housing sales up 87% and land/comcl. prop. sales up 113% in 9 mo. Results: Nov. 9 mo. EPS \$1.16 diluted, up 29% Nov. Q 39¢, off 19%. Shs. recovery buy on lower rates (RSR 7/13/84).

B-FIRST CITY PROP: (FCP-NYSE). Gr.5-Other Bldr/Dev. Former REIT, now homebuilder w/ acquis. of Metropolitan Devel. and First City Devel., S. Calif. and Design Master, Phoenix; Belzberg interests, Canada, have 69% stake. Sold Gulf Oil stk. 7/84 for \$1.94/sh. pretax; Acquired control of Scovill via tender at \$35 1/85. Results: Oct. FY oper. EPS \$1.24; no comparisons, FY changed. Shs. aggressive.(RSR 3/23/4)

A-FLEETWOOD ENTER: (FLE-NYSE) Gr.10-Mfg. Hsg. Well financed mobile home & recreation vehicle maker; sold 41,049 DU in Apt.'84 FY, up 53%. Plants: 23 mfg. hsg., 17 RV. Sells middle priced units, strong Cal. & West. Sales 43% mfg. hsg., 57% RV, giving EPS volatility. Mfg. hsg. up 1% Oct. Q on 10,387 DU, off 5%. Results: Oct. 6 mo. EPS \$1.18, off 13%. Shs. RV play. (RSR 8/10/84)

C-FPA CORP: (FPO-ASE) Gr.5-Other Bldr/Dev. Builds mid-rise condos at Palm-Aire Country Club in Pompano Beach, Fla., condos & 1-family Sarasota & Phil.; Operates country club & spa. Delivered 627 DU in June '84 FY, up 118%; 9/84 backlog 184 DU, up 44%; stressing affordable Fla. condos. Results: Sept. Q EPS d14¢, v. d5¢. Spec play on Fla. land. (RSR 11/2/84)

C-GENERAL HOMES: (GHOM-OTC) Gr.4-Major Homebldr. Delivered 4,897 homes in Sept. FY, down 10%; Houston (54% of sales); Dallas (20%), New OrL. (13%), Tampa (7%); opening Phoenix, Orlando; Homes avg. \$67,560. Houston now only 40% of sales. Holds land for 7,700 lots + 4,600 acres controlled. Shs. 74% owned by Amer. S&L, Miami & founders Payson/Olafson. Sold \$50M 15.5% notes 1/85. Results: Dec. Q EPS 2¢, off 60%. Shs. Sunbelt play. (RSR 1/13/84)

C-GOLDEN WEST HMS: (GWH-ASE) Gr.10-Mfg. Hsg. Mobile home bldr. stressing double-wide units in Calif. & West. Sales up 13% in Nov. 6 mo. but margins narrowed; Cal. bldr. Wm. Lyon controls w/ 26.5% stake. Results: Nov. Q d68¢, v. breakeven. Shs. recovery play. (RSR 8/10/84)

B-GULFSTREAM L&D: (GSD-ASE) Gr.5-Other Bldr/Dev. Diversified land developer owns 14,119 acres in 4 Fla. communities, notably Jacaranda in Plantation, after selling 374 ac. FY'84. Major subs. in home-bldg. (412 DU Sept. '84 FY, up 1%) in Orlando; gen'l contracting. Results: Sept. FY EPS diluted \$2.03, up 13%. Raised div.; May buy 200T+ shs. Bought Lifetime Comm. block. Shs. major Fla. land play. (RSR 2/8/85)

D-HOMAC INC: (HOMC-OTC) Gr.5-Other Bldr/Dev. Now real estate devel. co. Most assets condo & land/-devel. in Fla., P.R. & Mich. Cured principal default on secured credit & cut balance to \$15.4M via incentive repayments (for \$1.93/sh. gains in FY'84); Condo sales in Mich. & Fla. remain slow & most units rented. Gould Inv. group has 20%. Sept. land sale gave 50¢ gain, debt forgiveness. Results: Sept. FY d9¢ after \$1.93 extra gains, v. d50¢. Shs. recovery spec. (RSR 12/23/83)

C-HOVNANIAN ENTR: (HOV-ASE) Gr.5-Other Bldr/Dev. Major retirement comm. bldr. in Fla. & N.J.; delivered 2,030 homes (55% Fla.) in Feb. '84 year, up 74%; Sells mainly moderate priced DU, avg. \$45,700 in Fla., \$59,000 N.J. Sells in Northeast. Results: Nov. 9 mo. oper. EPS \$1.04, up 63%; backlog \$95.5 mil., off 25%. Sold \$25M 15% debts 12/84. Shs. buys for Fla. mkt. (RSR 9/23/83)

C-LEISURE+TECH: (LVX-ASE) Gr.5-Other Bldr/Dev. Builds large adult communities (Leisure Vil.), some Sunbelt, some near urban areas. Developing 400 ac. in Oceanside, CA and began deliveries June Q; Nov. 1 backlog/reservations up 3% to \$65.4M. Joint venturing lifecare facilities. Results: Sept. 6 mo. oper. EPS 5¢, v. d28¢; Sept. Q d10¢ on NJ delays. Shs. adult hsg. play. (RSR 1/25/85)

B-LENNAR CORP: (LEN-NYSE) Gr.4-Major Homebldr. Builds homes/condos in: Miami, SE & SW Fla., & Phoenix; also sells components, blds. & owns income props. (incl. 197 apts. rented but saleable). Home closings 2,009, up 37% in Nov. FY. Results: Nov. FY EPS 67¢, off 26%; Nov. Q 15¢, off 48%. Bought H. Miller for \$24M. Buy for recovery.

***-LEVITT CORP:** (LVT-ASE) Gr.5-Other Bldr/Dev. One-family bldr., mainly Fla. (Ft. Lauderdale, Tampa), affordable homes \$45-\$70T; Also blds. Chic., P.R.; delivered 1,086 DU 1983, up 59%. Starrett Hsg. owns 80% after 11/83 initial offer. Results: Sept. 9 mo. EPS 65¢ incl. 14¢ taxloss benefit, off 2%. Shs. hold/buy for lower rates.

C-LIFETIME COMMUN: (LFTMS-OTC) Gr.5-Other Bldr/Dev. Now developer after 1978 Ch. XI plan: works under bank credit (\$7.0M out); To begin sales on long-stalled 181-DU N. Miami Spinnaker highrise; Bought two Cal. condo/highrise sites for 346 DU. Investor L. Ross buys 13.8%, seeks "more active role;" Gulfstream bought 4.5%. Results: Oct. FY oper. EPS 6¢, off 25%, + 5¢ taxloss gains. Shs. for recovery and/or takeover. (RSR 2/10/84)

A-MDC CORP: (MDC-NYSE) Gr.4-Major Bldr/Dev. Fast growing Denver bldr/developer sold 1,180 DU 1983, up 64%; Revenues up 100%. Developing 1,715 DU Piney Creek in venture w/Empire Savings; Bought Fla. & Az. units of Olin Amer. 12/83. Closed 1,379 DU 9 mo. Sept., up 69%. Results: Sept. 9 mo. EPS 94¢, up 47%, incl. land & investment sales. Leveraged shs. buy for aggr. accounts. (RSR 4/13/84)

C-MAJOR RLTY: (MAJR-OTC) Gr.5-Other Bldr/Dev. Owns 927 ac. Florida Ctr. near Orlando & 13 ac. downtown Tampa site; Formed jt. venture w/ Prudential Life 12/84 by contributing Tampa site + 274 Orlando acres; Pru puts in \$80M cash over time; Venture to bld. 750T SF Galleria retail + hotel + 200T SF office at Orlando, 3.5M SF office in Tampa; deal effectively steps up MAJR land by \$12.10/sh.. Has \$2.40/sh. taxloss benefits; book value \$1.46/sh. at cost. Results: Expect flat EPS thru May '86 FY; Nov. 6 mo. EPS 2¢ diluted, v. d17¢. Shs. L-T Fla. land play. (RSR 1/25/85)

B-MISSION WEST PROP: (MSW-ASE) Gr.5-Other Bldr/Dev. Former mtg. trust now developing income props. mainly in S. Calif. Last condos in San Diego apt./hotel nearly sold; sold 40T SF San Diego office; bought 50T SF office/indust. bldg.; Intermark owns 50%. Won lawsuit on key DelMar, Cal. site. Results: Nov. FY oper. EPS 94¢ incl. 42¢ taxloss benefits, off 22%. Shs. L-T buys. (RSR 5/11/84)

C-NATIONAL HOMES: (NHX-NYSE) Gr.10-Mfg. Hsg. Major panelized home maker, sold 5,361 DU in Sept. 9 mo., even; mix shifting to cheaper multi-family units. NHX pushing constr. of apts., offices sold to tax shelters. Debt high. Results: Sept. 9 mo. oper. EPS d26¢, v. d2¢, on 3% revenue gain. Volatile shs. for venturesome. (RSR 4/27/84)

E-NELSON (LB) CORP: (LBN-ASE) Gr.5-Other Bldr/Dev. Builds singles & lower priced condos in Calif., Wash., Ore., Nev. & Ariz.; sells land; owns 80% of Advanced Energy Systems. Results: Sept. 9 mo. EPS 14¢, v. loss; Sept. Q EPS 23¢. Pfd. div. arrearage gives holders right to control bd. Shs. spec.

C-ORIOLE HOMES-B: (OHC.B-ASE) Group 5-Other Bldr/Dev. Builds 1-family & condo homes in S. Fla., east coast. Delivered 707 homes 1983, up 27%; Backlog 467 DU at 9/84, up 9%. Class B shs. get 20% higher div. but elect only 25% of board. Results: Sept. 9 mo. EPS 35¢, v. loss. Shs. less attractive condo play. (RSR 4/27/84)

C-PARKWAY CO: (PKWYS-OTC) Gr. 5-Other Bldr/Dev. Former REIT, now Houston land developer at two tracts; Sugar Creek nearly all sold & PKWYS bought adjoining 90 ac. 12/83. Debt all fixed rate mtgs. Managed by Eastover Corp. Owns 36.6% of EastPark Rlty., 19.3% Nat. Mtg. Fund, 9.6% Rockwood Natl.; bought stake in Mobile, AL S&L & seeks HLBB OK to buy 24.9%. Controlled by Leland Speed/Brent Baird. Results: Sept. Q EPS 36¢, off 58%. Aggr. Tex. land play.

***-PRINCEVILLE DEV:** (PVDC-OTC) Gr.5-Other Bldr/Dev. Developer of 7,000 ac. resort commun. on N. shore of Kauai, Hawaii; has developed 995 ac. & seeks OK for second 1,177-ac. section; Shs. spun off in rights offer from Consol. Oil & Gas. 11/84 at discount; Owns tourist airline, 42% net of new 300-room hotel; will pay 16¢ div. annually first two years. Shs. aggressive spec. (RSR 1/25/85)

A-PULTE HOME CORP: (PHM-NYSE) Gr.4-Major Homebldr. Builds in East, Midwest, West & Puerto Rico. East & West strongest. Delivered 11,008 DU 1984, off 8%; Backlog down 29%. Buyer loans thru ICM Mtg. sub. aid sales; installment acctg. for sales boosting cash flow. Results: 1984 EPS 65¢, down 65% as margins narrowed; see \$1.40 EPS 1985. Shs. buy/hold on recovery. (RSR 2/10/84)

D-PUNTA GORDA: (PGA-ASE) Gr.5-Other Bldr/Dev. Fla. developer of higher-priced waterfront communities (Punta Gorda Isles, Burnt Store Marina) owns 14,100 ac. on Fla. west coast. Selling condo/home inventory; Bass Bros. hold stake & manages; hires invest. banker. Results: Sept. 9 mo. d\$1.00, narrowed from d\$1.81. Shs. recovery spec.

C-RADICE CORP: (RADC-OTC) Gr.5-Other Bldr/Dev. Single-family & office bldr. on Fla. east coast near Ft. Lauderdale base, plus Pgh. Sales divided 37% housing, 49% commercial props., 14% other. Sold \$35M 14.6% debs. 3/84. Results: Sept. Q 15¢, up 36%. Shs. aggr. Fla. play.

B-REDMAN INDUST: (RE-NYSE) Gr.10-Mfg. Hsg. Most integrated mobile home maker, sells Southeast & Southwest mkts., medium to higher prices. Mfg. hsg. 68% of sales, most oper. profit in Mar. '84 yr.; sold 15,490 DU, up 24%. Mfg. hsg. margins under pressure. Results: Dec. 9 mo. EPS 50¢, off 35%; Shs. buy in rate climate. (8/10/84)

C-RIVER OAKS INDS: (ROI-NYSE) Gr.10-Mfg. Hsg. Mobile home mfg. & community developer from merger of Sunergy Comm. into River Oaks. Blds. medium-higher priced DU at three Ala. plants & introducing lower-priced lines; mfg. hsg. 83% of sales, 73% net. About 52% of shs. held by officers; Listed NYSE. Sold \$10M 12.8% notes privately 1/85 w/ 550T wts. at \$7.75. Results: Sept. Q 13¢, up 8%. Buy L-T. (RSR 8/10/4).

***-ROCKWOOD NATL:** (RNC-PSE) Gr.5-Other Bldr/Dev. Former computer lessor now 19.8% controlled by Speed/Baird entities; Owns 1,400 acres in last major undeveloped tract in eastern New Orleans, booked at \$11,400/ac. Bldg. new access roads, masterplanning land. Sold 117T SF shop. ctr. 9/84 for 4¢ gain + 15¢ deferred gain. Shs. L-T speculation on success. Results: Sept. 9 mo. 17¢, v. loss. (RSR 8/12/83)

B-RYAN HOMES: (RYN-NYSE) Gr.4-Major Homebldr. Diversified homebldr. Mid-East & South: major mkts.: D.C., W. Penn., Ohio, N.Y., Ga., Fla. Blds. w/ closed-wall panels. Liquidity good. Selling GNMA mtg.-backed bonds. Results: Dec. FY EPS \$1.66 diluted, down 43%; Dec. Q EPS 57¢, off 25%. Buy for broad sharing in lower rate benefits. (RSR 2/24/84).

A-RYLAND GROUP: (RYL-NYSE) Gr.4-Major Homebldr. Builds panelized homes from plants in Texas, mid-Atlantic, Ohio. Turns assets fast/74-day bldg. time, keeps leverage low. Opening 3rd modular plant. Selling mtg.-backed bonds; Results: Dec. FY EPS \$1.52, down, 40%; Dec. Q EPS 39¢, off 33%. Institutionally known shs. buy for lower rate benefits. (RSR 2/24/84)

B-SKYLINE CORP: (SKY-NYSE) Gr.10-Mfg. Hsg. Conservatively financed mobile home maker, delivered 16,980 DU in May '84 FY, up 21%. Serves medium-priced mkts. in West, South, Midwest. Sales 68% mfg. hsg. but still unprofitable; rec. vehicles rest. Defensive posture builds cash, to \$85M or \$7.60/sh. Results: Nov. 6 mo. EPS 30¢, off 6%. Shs. conservative buy now. (RSR 8/10/84).

C-STD PACIFIC: (SPF-NYSE) Gr.4-Major Homebldr. Develops & blds. one-family homes in 37 locations, mainly Calif. & Houston. Calif. sales very strong recently on new models; Diversification offset by higher debt; Sold \$35M debs. 3/84. Results: Dec. FY EPS \$2.58, up 88%. Shs. split 3-for-2, still L-T recovery buys. (RSR 6/22/84).

D-STARRETT HSG: (SHO-ASE) Gr.5-Other Bldr/Dev. Packages & sells hi-rise apts.; genl. contracting; single-family thru Levitt Corp. Won \$93M claim + interest 12/83 on expropriated Iran condo (amt. & payment timing uncertain). Owns 80% Levitt Corp. Results: Sept. 9 mo. oper. EPS 31¢, off 6%, + 27¢ taxloss benefits. Shs. spec. buy on reaction after runoff (RSR 1/13/84).

***-US CAPITAL CORP:** (USCC-OTC) Gr.5-Other Bldr/Dev. Co. designs, markets & blds. condos w/ amenities in established resorts, most Southeast; begins constr. when nonrefundable deposits on 85% of DU received; Prices range \$63-\$79,000. Starting new comcl. bldg. sub. Results: Oct. 6 mo. EPS 12¢ incl. 14¢ pretax gain on sale of development sub., v. loss. Chrm. D.Tomlin owns 72%. Avoid for now. (RSR 8/12/83)

B-US HOME CORP: (UH-NYSE) Gr.4-Major Homebldr. Largest U.S. on-site builder; 3 major markets Houston/Dallas; Fla. (Clearwater); & Denver. In mfg. hsg. via 1/83 acq. of Brigadier Indust., which sold 8,431 DU 1984, off 4%; Has reorganized, liquidated \$100M inventory, left several soft mkts.; Houston now only 18% of sales. Sells mtg. backed securities. Results: Dec. FY EPS d\$1.27, v. 79¢. Shs. now leveraged recovery spec buy. (RSR 2/24/84)

C-UNIVERSAL DEV: (UDCO-OTC) Gr.5-Other Bldr/Dev. Chicago-based 1-family homebuilder operating in Phoenix, San Diego, Charlotte & Fla.; Founded w/ funding from First Chicago venture capital. In 1/85 bd. approves plan to convert to partnership (like Newhall Land). Results: Sept. 9 mo. EPS \$1.11, up 19%; sales up 70%; began div. 9/84. Unseasoned shs. have growth appeal. (RSR 7/13/84)

February 8, 1985

7

C-VYQUEST INC: (VYQT-OTC) Gr.10-Mfg. Hsg. Former REIT, sold assets & built cash; In 5/83 bought rec vehicle maker Parkwood Corp. for \$6.4M cash & notes; Bought Beech-Craft Motor Homes 11/84 and Yellowstone Inc., rec trailer maker, 1/85. Debt is 6% converts & notes. Results: Nov. FY EPS 69¢ diluted, up 53%. Shs. play on rec vehicles & taxloss benefits. (RSR 2/25/83)

C-WASHINGTON CP: (TWCX-PhSE) Group 5-Other Bldr/Dev. Former REIT developing vacant land (40% assets) incl. suburban D.C. parcels in jt. vent.; Sold land under Va. hotel for 18¢/sh. gain in 3/84; Bought 3 ac. in Fairfax Co., Va. & beginning 66T SF office. Wash. investor D.F. Antonelli owns 22%; investor J.C. Kinney got 17% in exch. for Arlington, Va. land. Results: Sept. 9 mo. oper. EPS 18¢ + 34¢ extras, v. loss. Plans tender for 400T shs. @ \$3.25. Shs. for recovery.

B-WRITER CORP: (WRTC-OTC) Gr.5-Other Bldr/Dev. Builds 1-family & townhouses in six Denver, two Colo. Spgs. sites; also Writer Square downtown renewal project. High liquidity aids margins. Pres. Geo. Writer owns 16%; Delivered 567 DU '83, up 7%; Results: Sept. 9 mo. EPS 41¢, off 61%. Shs. for growth w/ single area risk. (RSR 4/8/83)

B-ZIMMER CORP: (ZIM-ASE) Gr.10-Mfg. Hsg. Smaller but well financed mobile home maker, sold est. 6,500 DU in 1983, up 27%. Serves higher priced mkts. in Ind., Pa., Ohio, Kan., Texas, Idaho. Mfg. hsg. 65% sales, 47% oper. profit; rest rec. vehicles & exotic motorcars. Results: Sept. 9 mo. EPS 33¢, down 49%. More spec. buy in rate climate. (RSR 8/10/84)

RANKINGS from "A" to "E" shown above before name are explained on bottom of page 8.

ABBREVIATIONS: **B** = Billions; **M** = Millions; **T** = Thousands; **EPS** = Earnings per share; **CFS** = Net cash flow per share; **SF** = Square Feet; **DU** = dwelling units or hotel rooms; **FY** = fiscal year; **RV** = Recreational vehicle; **L-T** = Long term; **S-T** = Short term; **Q** or **Qtr.** = Quarter; **Div.** = Dividend; **Shs.** = Shares; **Gr.** = Industry group of main business activity. **Appr.** = Appraised current value; **blds.** or **bldg.** = builds or building. **cld** = could. **convt.** = convertible. **d** = deficit. **debs.** = debentures. **mngs.** or **mgmt.** = manages or management. **port.** = portfolio. **spec.** = speculation or speculative. **sub.** = subsidiary. **w/** = with.

RSR dates in parentheses at end of reviews refer to fuller comments in prior RSR issues.

Additions

Princeville Development

Deletions & Omissions

Cenvill Development(A) Presley Cos. (A)

L=Liquidated; A=Acquired; M=Market limited or substantially non-real estate.

QUARTERLY UNIT TALLY: STILL THE BEST GUIDEPOST FOR HOMEBUILDERS' FUTURE EPS AND PRICE OUTLOOK

We begin this issue a quarterly tally of what's happening inside the pipeline of housing, as reported by major homebuilders. While there are broad regional and seasonal variations in housing sales, construction, and closing, we believe the aggregate data provided by major homebuilders give a clear picture of housing industry direction for investors. The tables below follow, on a quarterly basis, these three elements in the flow of housing for major merchant builders (i.e., builders intending to sell their product):

--**New orders** (or sales contracts) net of cancellations, as reported or derived from public reports. Orders are reported in units, not dollars, to strip out inflation, and are compared to new orders for the same quarter of the previous year, so as to avoid seasonal variations. These new orders should track most closely with the Commerce Dept.'s report of new housing sales, and our major builders appear to account for about 7.5% of national merchant builder sales;

--**Home deliveries**, or closing, when title is transferred from the builder to a buyer, for the latest quarter and 12 months then ended;

--**Backlog** of undelivered units at end of the period; backlog may include units under legal rescission periods in some states and homes whose buyers have not yet received mortgage credit okay. The tables include major builders who've reported data by publication date and who regularly provide such data. Data for quarters ended Dec. 31, unless noted, are:

NEW ORDERS & BACKLOG

(Compared to year-ago quarters)

<u>Company</u>	<u>Orders</u>	<u>% Chng.</u>	<u>Backlog</u>	<u>% Chng.</u>
Devel.Cp.Amer..	300	-44%	1,114	-31%
Genl. Homes....	1,145	+ 1	1,097	+ 4
Lennar Cp.-Nov.	493	+34	1,201	+26
Pulte Home....	2,171	-23	1,559	-29
Ryan Homes....	2,007	-13	2,919	-15
Ryland Group...	1,338	+22	1,809	+10
Std. Pacific...	256	+ 4	475	+21
U.S. Home.....	2,215	- 8	1,884	- 4
TOTALS...	9,925	- 9%	12,058	- 9%

DELIVERIES AND 12-MONTH TOTALS

(Compared to year-ago quarter and 12 months)

<u>Company</u>	<u>Dec.Qtr.</u>	<u>% Chng.</u>	<u>12 Mon.</u>	<u>% Chng.</u>
Devel. Cp.Am..	719	-26%	2,878	+ 8%
Genl. Homes...	1,055	+29	5,134	+ 3
Lennar - Nov..	505	+ 8	2,009	+37
Pulte Home....	2,981	-22	11,008	- 8
Ryan Homes....	2,281	- 1	8,833	- 1
Ryland Group..	1,503	+14	5,383	- 2
Std. Pacific..	350	+ 7	1,342	+41
U.S. Home.....	3,009	-12	12,811	- 9
TOTALS...	12,403	- 8%	49,398	- 2%

ADVICE ST LT RANK	EXCH/ SYMBOL	GROUP	SHARE (000)	BOOK VALUE	ANN DIV	-EARNINGS- MON 12 MO	LAST PRICE	REPORT DATE	-----BALANCE SHEET ITEMS (MILLION DOLLARS)----- TOTAL ASSETS	COMMON EQUITY	TOTAL DEBT	DEPR- CIATION	LOSS RESV	LEVERAGE RATIO
MAJOR HOMEBUILDERS														
H H C	AMER CONTNL	OC-AMCC	4	13099	3.80	0.00	DEC 0.92	8.13	9/84	417.5	49.8	326.5	0.0	0.0 6.5
H B/H B	CENTEX CORP	NY-CTX	4	19969	15.95	0.25	SEP 2.51	25.50	9/84	854.2	318.4	154.2	0.0	0.0 0.5
- B C	GENERAL HOMES	OC-GHOM	4	15000	8.91	0.00	DEC 0.73	3.50	9/84	458.4	133.5	274.5	0.0	0.0 2.1
H B B	LENNAR CORP	NY-LEN	4	9010	14.86	0.20	NOV 0.67	13.88X	8/84	341.0	133.8	135.0	11.9	0.0 1.0
B B A	MDC CORP	NY-MDC	4	11936	4.73	0.32	SEP 1.28	14.13	9/84	378.3	56.5	254.9	0.0	0.0 4.5
H B/H A	PULTE HOME CP	NY-PHM	4	23507	6.01	0.12	DEC 0.65	20.63	9/84	377.0	141.3	49.4	0.0	0.0 0.3
H B B	RYAN HOMES	NY-RYN	4	6813	18.72	1.00	DEC 1.69	27.63	9/84	337.5	127.5	103.9	10.0	0.0 0.8
H B A	RYLAND GROUP	NY-RYL	4	6049	10.79	0.60	DEC 1.52	24.00	9/84	131.9	65.2	13.0	0.0	0.0 0.2
H B C	STD PACIFIC	NY-SPF	4	5066	15.15	0.60	DEC 2.58	24.50	9/84	244.4	76.7	134.0	2.3	0.0 1.7
B B B	U S HOME CORP	NY-UH	4	34630	7.72	0.08	DEC -1.27	3.00	9/84	830.0	267.4	399.6	0.0	0.0 1.5
OTHER HOMEBUILDERS & LAND DEVELOPERS														
- B C	AMER PAC CORP	PS-APFC	5	6221	4.95	0.00	SEP -0.47	3.88	9/84	151.3	30.7	104.1	3.9	0.0 3.4
- - C	AMER PACESETTER	PS-AECP	5	2009	10.48	0.00	SEP 0.02	7.13	9/84	234.0	21.0	151.5	3.0	0.0 7.2
H H C	AMREP CORP	NY-AXR	5	3666	10.09	0.00	OCT 2.20	15.75	10/84	130.2	36.9	33.2	7.2	0.0 0.9
H H D	CAMPANELLI IND	AS-CAP	5	1993	4.87	0.00	OCT -0.77	2.88	10/84	46.8	9.6	31.4	0.0	0.0 3.2
H H C	CENTENNIAL GP	AS-CEG	5	5918	1.55	0.00	SEP 0.03	1.19	6/84	18.9	9.7	8.4	0.0	1.0 0.9
- - B	CHEEZEM DEVLPMNT	OC-CHZM	5	2828	6.30	0.10	OCT -0.26	4.75	10/84	61.9	17.8	31.8	0.0	0.0 1.8
S H D	CHRISTIANA COS	NY-CST	5	2406	8.78	0.00	DEC -0.48	11.75	9/84	44.5	21.6	8.0	0.0	0.0 0.4
- - E	COVINGTON TECH	OC-COVT	5	13540	1.11	0.00	SEP 0.06	1.63	9/84	60.9	15.1	37.4	0.0	0.0 2.5
- B D	DELTONA CORP	NY-DLT	5	5033	5.76	0.00	SEP -3.14	6.00	9/84	253.7	28.9	130.1	23.8	6.7 4.5
- B C	DEVEL CORP AMER	AS-DCA	5	5942	13.25	0.00	SEP 1.65	15.13	9/84	203.1	78.7	65.4	8.2	0.0 0.8
B/H B A	FAIRFIELD COM	NY-FCI	5	10564	10.27\$	0.18	NOV 1.53	15.63	11/84	386.6	108.5	203.3	14.9	4.5 1.9
H/B B B	FIRST CITY PROP	NY-FCP	5	8697	10.28	0.00	OCT 1.37	17.13	7/FF	311.4	89.3	208.3	5.0	0.0 2.3
- B C	FPA CORP	AS-FPO	5	3995	11.31	0.00	SEP 0.54	10.50	9/84	201.2	45.2	115.7	0.0	0.0 2.6
B B B	GULFSTREAM L&D	AS-GSD	5	4647	21.15	0.30	SEP 2.03	30.13	9/84	183.6	98.2	41.5	11.5	0.0 0.4
- B D	HOMAC INC	OC-HOMC	5	1887	5.71	0.00	SEP -0.09	2.25	9/84	34.0	10.7	21.8	0.1	0.0 2.0
B B C	HOVNANIAN ENTR	AS-HOV	5	4488	5.12	0.00	NOV 1.53	16.50	8/84	126.2	23.0	78.9	0.0	0.0 3.4
H B C	LEISURE+TECH	AS-LVX	5	3692	3.83	0.00	SEP 0.26	6.13	9/84	106.1	14.1	79.0	0.0	0.0 5.6
- H C	LEVITT CORP	AS-LVT	5	3400	5.85	0.00	SEP 1.05	6.88	9/84	67.3	19.8	32.8	0.0	0.0 1.7
- B C	LIFETIME COMMUN	OC-LFTM	5	5310	6.35	0.00	OCT 0.11	6.38	10/84	62.0	33.7	26.7	0.3	0.7 0.8
- B C	MAJOR REALTY	OC-MAJR	5	5903	1.40	0.00	NOV 0.79	8.38	8/84	30.8	8.2	20.7	0.0	0.0 2.5
B B B	MISSION WEST PR	AS-MSW	5	1750	10.94	0.24	NOV 0.94	9.00X	8/84	22.7	19.1	2.9	0.6	0.4 0.2
- - C	NATIONAL MTG	OC-NMTGS	5	3707	3.36	0.00	NOV 0.54	2.88	3/84	14.9	12.4	2.3	0.0	0.7 0.2
H/S H/S E	NELSON (LB) CP	AS-LBN	5	2464	-0.79	0.00	SEP -0.63	1.63	9/84	14.9	-1.9	15.3	0.0	0.0 NC
H H C	ORIOLE HOMES-A	AS-OHC.A	5	1963	8.87	0.15	SEP 0.63	7.38	9/84	127.6	34.9	65.9	4.2	0.0 1.9
H H C	ORIOLE HOMES-B	AS-OHC.B	5	1979	8.87	0.20	SEP 0.63	7.63	9/84	127.6	34.9	65.9	4.2	0.0 1.9
- - C	PARKWAY COMPANY	OC-PKMY	5	1383	20.67	0.00	SEP 2.49	19.00	9/84	56.2	28.5	21.6	0.0	0.6 0.8
B B C	PRINCEVILLE DEV	OC-PVDC	5	8740	3.26	0.16	AUG 0.08	5.63X	7/FF	32.6	28.4	2.0	0.0	0.0 0.1
- - C	PROP INV COLO	OC-PRCLS	5	4945	2.45	0.00	JUN -0.25	2.63	6/84	28.2	12.1	13.3	0.0	0.0 1.1
H H/B D	PUNTA GORDA	AS-PGA	5	2787	3.52	0.00	SEP -1.66	6.00	9/84	136.2	9.8	106.0	0.0	0.0 10.8
- - C	RADICE CORP	OC-RADC	5	5148	3.53	0.00	SEP 1.24	10.50	9/84	163.9	18.4	117.8	0.0	0.0 6.4
- - C	ROCKWOOD NATL	PS-RNC	5	9002	1.50	0.00	SEP 0.21	2.63	9/84	24.7	13.5	6.9	0.0	0.0 0.5
H B C	STARRETT HSG	AS-SHO	5	5256	3.36	0.00	SEP 0.81	16.75	9/84	158.2	17.6	106.5	0.0	0.0 6.0
- - C	UNIVERSAL DEV	OC-UDCO	5	6015	6.51	0.10	SEP 1.57	18.50	9/84	122.4	39.1	45.4	1.3	0.0 1.2
- - C	US CAPITAL CORP	OC-USCC	5	8270	3.48	0.00	OCT 0.67	3.63	10/84	140.0	28.7	74.3	0.0	0.0 2.6
H H C	WASHINGTON CP	PH-TWC.X	5	2170	4.27	0.00	SEP 0.71	3.00	9/84	21.9	9.2	11.9	0.0	0.0 1.3
H B B	WRITER CORP	OC-WRTC	5	4120	8.62	0.15	SEP 0.56	3.75	9/84	107.0	35.5	63.0	0.0	0.0 1.8
MANUFACTURED HOUSING														
H B C	CHAMPION HOME	AS-CHB	10	35567	1.51	0.00	NOV 0.21	3.75	8/84	105.8	53.5	7.5	0.0	0.0 0.1
H B A	FLEETWOOD ENTER	NY-FLE	10	23285	10.17	0.36	OCT 2.53	27.50	10/84	376.6	236.7	0.0	0.0	0.0 0.0
H B C	GOLDEN WEST HHS	AS-GWH	10	3375	4.37	0.00	NOV -0.38	6.00	11/84	39.2	14.7	14.5	5.2	0.0 1.0
- - D	NATIONAL HOMES	NY-NHE	10	6904	2.65	0.00	SEP -0.21	4.00	9/84	76.8	18.3	42.9	27.0	2.1 2.3
H B B	REDMAN INDUST	NY-RE	10	9753	6.91	0.30	DEC 0.51	12.00	12/84	126.2	67.3	12.9	26.2	0.0 0.2
- B C	RIVER OAKS INDS	NY-ROI	10	10381	1.19	0.00	SEP 0.42	7.63	9/84	59.1	12.3	29.6	0.0	0.0 2.4
H B B	SKYLINE CORP	NY-SKY	10	11217	10.71	0.48	NOV 0.71	16.88	11/84	134.5	120.0	0.0	0.0	0.0 0.0
- - C	VYQUEST INC	OC-VYQT	10	3838	5.30	0.00	NOV 0.71	7.63	8/84	29.9	20.3	9.4	0.5	2.9 0.5
H B B	ZIMMER CORP	AS-ZIM	10	4654	5.44	0.10	SEP 0.35	3.50	9/84	47.2	25.3	9.3	0.0	0.0 0.4

REALITY STOCK RANKINGS

REALITY STOCK REVIEW has developed its exclusive Rankings of real estate stocks to indicate relative quality of historic track record for investors. Rankings from "A" to "E", shown in the third column from left in the statistical tables above, are assigned based upon our analysis of five-year earnings and dividend trends, financial strength and liquidity, and management record. Being historical, Rankings are not based upon current price and thus are not intended as recommendations.

An asterisk (*) denotes stocks which cannot be ranked because of insufficient (generally less than two years) operating history in present form or incomplete data. (Z) denotes entities which currently retain Audit or its investment banking affiliate, Campbell & Dillmeier, for specific assignments; and entities for which we are acting as non-retainer intermediary for a publicly announced proposed transaction during the transaction's pendency. (L) denotes liquidating entities, which are not ranked. Rankings and Buy-Sell-Hold advices given without regard to whether the entity subscribes to RSR. Stock prices of REITs tend to be less volatile than stocks of operating companies, hence generally are better suited for longer-term.

BUY - SELL - HOLD ADVICES

Buy - Sell - Hold advices are summarized in the first two left-hand columns in the statistical tables, as "B" = Buy; "H" = Hold; "S" = Sell or Avoid. When two advices are combined (e.g., "B/H"), accent is upon the first advice. Advices are reviewed each issue and advice changes are underlined. Advices are classed as Short-Term ("S/T") for holding less than one year; and Long-Term ("L/T") for one to three years. No advices are given during pendency of a proposed equity-type security offering, or during pendency of an assignment involving Audit or its investment banking affiliate (see "Z" left). Advices are given for most widely held and active stocks, but we cannot advise at all times on thinner, less active stocks. No advices are given for convertibles, warrants or preferreds, which depend upon underlying common.

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